# Department of Education Service Contract Inventory (SCI)

FY2016 SCI Analysis Report FY2017 SCI Analysis Plan

February 2018



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*The Department of Education’s mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

## Background

The Consolidated Appropriations Act, 2010, Public Law 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing is necessary. As required, we completed our fiscal year (FY) 2016 analysis and posted it on our website at [https://www2.ed.gov/fund/data/report/contracts/servicecontractinventoryappendix/servicecontractinvent](https://www2.ed.gov/fund/data/report/contracts/servicecontractinventoryappendix/servicecontractinventory.html) [ory.html](https://www2.ed.gov/fund/data/report/contracts/servicecontractinventoryappendix/servicecontractinventory.html)

## Scope

The Department of Education (ED) conducted an analysis of its service contract inventory to determine if our agency is using service contracts in an appropriate and effective manner, and if the mix of Federal employees and contractors in the agency is effectively balanced.

In compliance with the Office of Management and Budget (OMB) guidance and after considering multiple contract functions, we selected the following PSCs for the FY2016 SCI. Table 1 identifies PSCs selected for further review. A brief description of the rationale and the amounts obligated to each function in FY 2016 is further discussed below in Table 2.

## Table 1 – PSCs Selected For FY 2016 Review

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| --- | --- | --- | --- |
| **PSC** | **Description** | **FY 2016**  **Obligations** | **% Total Obligations** |
| R710 | SUPPORT- MANAGEMENT: FINANCIAL | $1,009,564,531 | 41% |
| R705 | SUPPORT- MANAGEMENT: DEBT COLLECTION | $631,588,298 | 26% |
| D301 | IT AND TELECOM- FACILITY OPERATION AND MAINTENANCE | $120,316,963 | 5% |
| B506 | SPECIAL STUDIES/ANALYSIS- DATA (OTHER THAN SCIENTIFIC) | $88,606,893 | 4% |
| AF11 | R&D- EDUCATION: EDUCATIONAL (BASIC RESEARCH) | $78,585,724 | 3.22% |
| B542 | SPECIAL STUDIES/ANALYSIS- EDUCATIONAL | $69,200,800 | 2.83% |
| R499 | SUPPORT- PROFESSIONAL: OTHER | $81,585,035 | 3.34% |
| D313 | IT AND TELECOM- COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD/CAM) | $20,574,136 | 0.84% |
| R408 | SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT | $2,172,344 | 0.08% |
| R419 | EDUCATIONAL SERVICES | $553,531 | 0.02% |

**Table 2 – PSC Detail and Rationale**

|  |  |  |
| --- | --- | --- |
| AF11 | Research and Development – Education (Basic) | * PSC considered a mission critical function of the Department. Research and Special Studies are services that are identified as being commercial services and appropriately outsourced under prior FAIR Act Inventory reviews. The Department spent $78M (3.22% of its total FY2016 obligations) for these services. |
| B506 | Study/Data Other Than Scientific | * Many of the services on contracts reviewed in this PSC were non-commercial; there is a higher risk for over-reliance on contractors for these types of contracts. The Department spent $88M (4% of its total FY 2016 obligations) for these services. |
| B542 | Educational Studies and Analyses | * Many of the services on contracts reviewed in this PSC were non-commercial; there is a higher risk for over-reliance on contractors on these types of contracts. The Department spent $69M (2.83 % of its total FY 2016 obligations) for these services. |
| D301 | IT & Telecom: Facility Operations & Maintenance | * The Department spent $120M (5% of its total FY 2016 obligations) for these services. |
| D313 | Computer Aided Design/Manufacturing  Services | * PSC includes contracts for IT Acquisition Support Services, which are high on OMB’s priority list. The Department spent $20M (1% of its total FY 2016 obligations) for these services. |
| R408 | Support – Professional Program Management Support | * Identified as a targeted special interest function PSC under the ongoing effort to reduce contract spending for management support services (OMB initiative). The Department spent $2M (0.12% of its total FY 2016 obligations) for these services. |
| R419 | Educational Services | * Identified as a targeted special interest function PSC under the ongoing effort to reduce contract spending for educational support services (OMB initiative). The Department spent $553,531 (0.03% of its total FY 2016 obligations) or these services. |
| R499 | Support – Professional / Other | * Identified as a targeted PSC under the ongoing effort to reduce contract spending for professional and other services. The Department spent $81M (3.34% of its total FY 2016 obligation) for these services. |
| R705 | Support: Management Data Collection | * Identified as a targeted PSC under the ongoing effort to reduce contract spending for management support services (OMB initiative). The Department spent $631M (26% of its total FY 2016 obligations) for these services. This PSC is included to guard against expansion of the contractor’s   duties into inherently governmental functions and to ensure sufficient management and oversight remains in place. |
| R710 | Support: Management Financial | * The Department spent $1B (41% of its total FY2016 obligations) for these services. This PSC is included to guard against expansion of the contractor’s duties into inherently governmental   functions and to ensure sufficient management and oversight remains in place. |

1. **Methodology**

The Department analyzed a total of 10 PSCs with the highest percent of total obligations for FY 2016. PSCs R408 and R419 were substituted for codes D399 and U009 because they are considered to be special interest functions consisting of professional program management support and educational services. Special interest functions require increased management attention due to a heightened risk of workforce imbalance. Additional the rationale for further analysis is also determined by whether or not the contract service is closely associated with inherently governmental functions and which contracts are receiving special management attention for reduction in contract spending. While some of the PSCs were covered by the FY 2015 analysis of service contracts, the Department believes using the top eight codes by obligation and also using additional special interest function codes represents the best spectrum of services to be analyzed. The Special Interest Functions that were evaluated for analysis in this report play a large role in achieving the Department’s mission objectives. This is evident in the dollar amounts obligated to those specific PSCs.

## Findings

**Inherently Governmental Functions (IGF)**

Based on the careful evaluations the reviewers performed and careful reviews of the established criteria for classifying functions as inherently governmental, the review team determined that none of the contractors are performing IGFs.

## Functions Closely Associated with IGFs

During the interviews, the review team used the evaluation checklist questions to detect the expansion of closely associated work that may have become IGF. The checklist included various subjects of responsibilities, including limiting or guiding the contractor’s discretion, assigning Federal employees to give special management attention to the contractor’s activities, and taking steps to avoid or mitigate conflicts of interest. Reviewers identified several contracts where the Department gave special consideration during the planning phase of the procurement to use Federal employees in lieu of contractor employees to perform duties closely associated with IGF. When sufficient Governmental resources were available, these duties were retained in-house. When the level of available resources was not sufficient for performance by a Federal employee, consideration was given to ensure that sufficient resources were available for proper oversight. Reviewers did not identify any contracts as having services closely associated with IGF.

## Contract Management and Oversight

Reviewers found that the majority of the contracts reviewed as part of the SCI had sufficiently trained and experienced employees available within the agency to manage and oversee contract administration functions.

## Mission Critical Functions

Reviewers identified contracts where contractors performed services that are considered to be critical functions closely associated with the Department’s mission and operations, there were also sufficient resources in place to manage and oversee these contracts. Examples of activities identified by reviewers as “mission critical” are assessments of educational progress, grant application reviews, technical assistance, and education research. The Department will continue to pay close attention to contracts where contractors perform these kinds of services in order to maintain sufficient internal control capabilities as it relates to inherently governmental activities.

## Personal Services

The department does not award any personal services contracts.

## Summary

The analysis of the contracts reviewed indicates:

* + No evidence of contractors performing IGF services
  + No evidence of contractors performing personal services
  + No evidence of contractors performing services identified as closely associated with IGF
  + No contracts recommended for further in-sourcing study

## Actions Taken or Planned

There are no action items based on the FY 2016 service contract inventory review process.

## Accountable Officials

The Department’s senior management official who is accountable for the development of agency policies, procedures, and training associated with Acquisition Management (including Service Contract Inventory Analysis) is the Senior Procurement Executive.

## FY 2017 Service Contract Inventory Plan for Analysis

The Department of Education (ED) approach will be performed in accordance with the criteria set out in Consolidated Appropriations Act, 2010, (Pub. L. No. 111-117, § 743 - 2009. ED will develop the basic inventory in accordance with OMB guidance using FPDS-NG data to address a number of the requirements, a list of special interest functions by PSCs is below.

|  |  |
| --- | --- |
| **PSC** | **Description** |
| R710 | SUPPORT- MANAGEMENT: FINANCIAL |
| R705 | SUPPORT- MANAGEMENT: DEBT COLLECTION |
| D301 | IT AND TELECOM- FACILITY OPERATION AND MAINTENANCE |
| B506 | SPECIAL STUDIES/ANALYSIS- DATA (OTHER THAN SCIENTIFIC) |
| AF11 | R&D- EDUCATION: EDUCATIONAL (BASIC RESEARCH) |
| B542 | SPECIAL STUDIES/ANALYSIS- EDUCATIONAL |
| R499 | SUPPORT- PROFESSIONAL: OTHER |
| D313 | IT AND TELECOM- COMPUTER AIDED DESIGN/COMPUTER AIDED  MANUFACTURING (CAD/CAM) |
| R408 | SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT |
| R419 | EDUCATIONAL SERVICES |

Steps for ED Analysis Plan:

**Step 1:** Identify service contracts with special interest functions.

**Step 2:** Notify respective programs offices of their responsibilities related to this analysis.

**Step 3:** Programs identify contracts for in-depth review using established criteria.

**Step 4:** Programs evaluate contracts in accordance with policy and guidance.

**Step 5:** Programs report results of evaluation to the Department.

**Step 6:** COs review contractor data and work with contractors to make revisions as necessary.

**Step 7:** Draft report summarizing results of analysis.